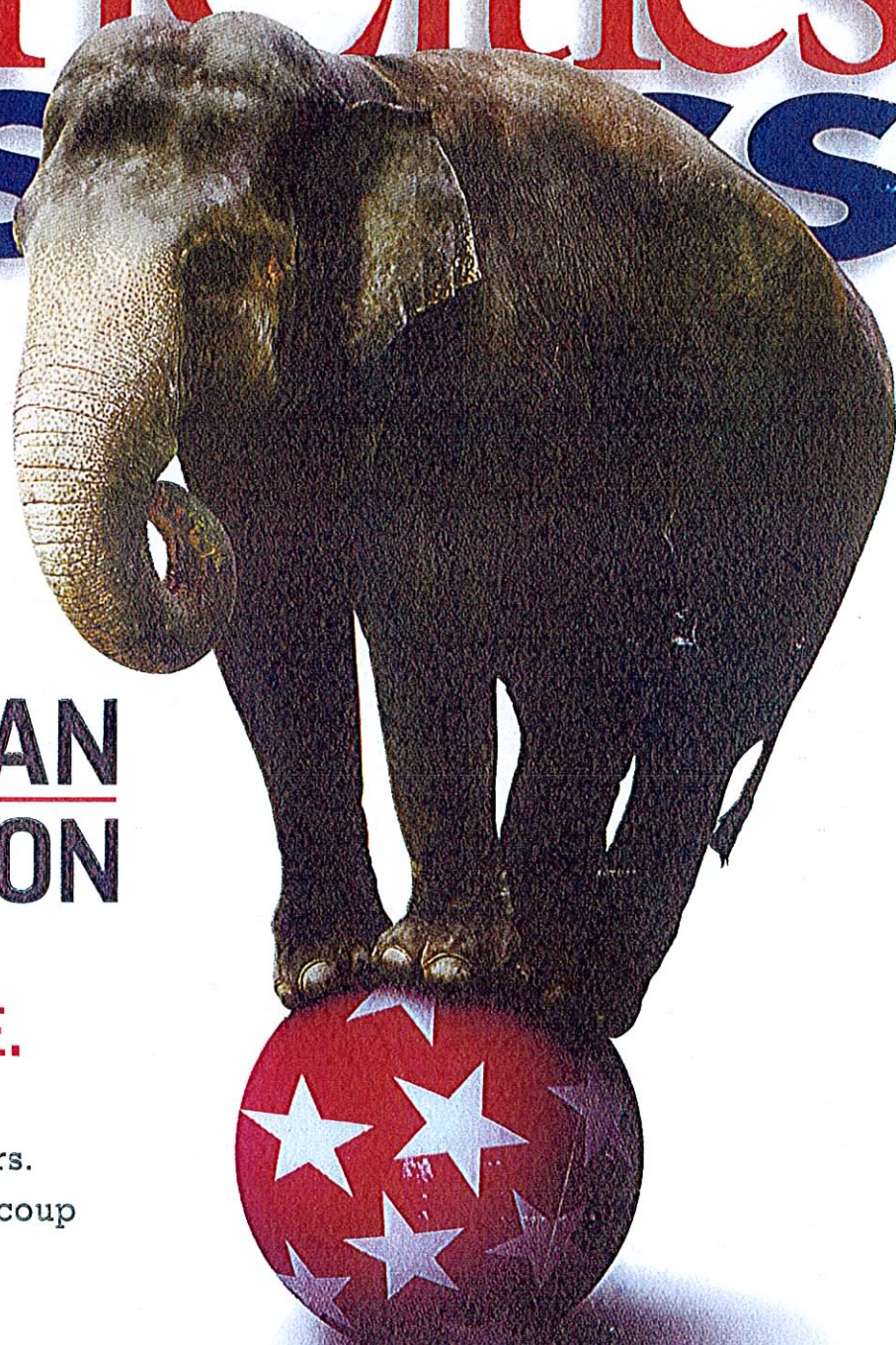


DAVE ST. PETER, THE NICEST GUY IN BASEBALL ★ KEN DAHLBERG, TRIPLE ACE

Twin Cities BUSINESS

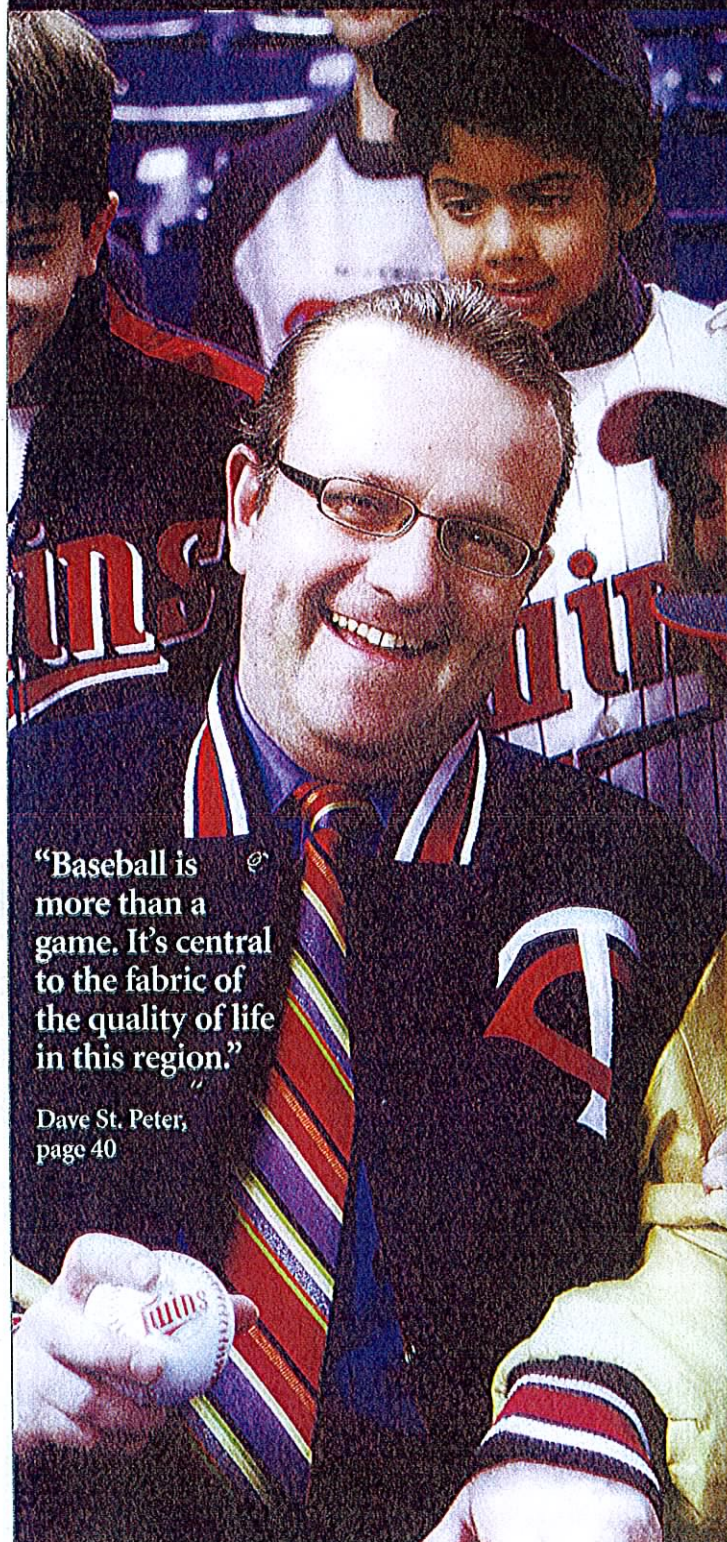
The REPUBLICAN CONVENTION WHAT WE HAVE TO GAIN—OR LOSE.

The Republicans are coming,
and so are 15,000 news reporters.
If all goes well, it's a marketing coup
for the Twin Cities. **And if not?**



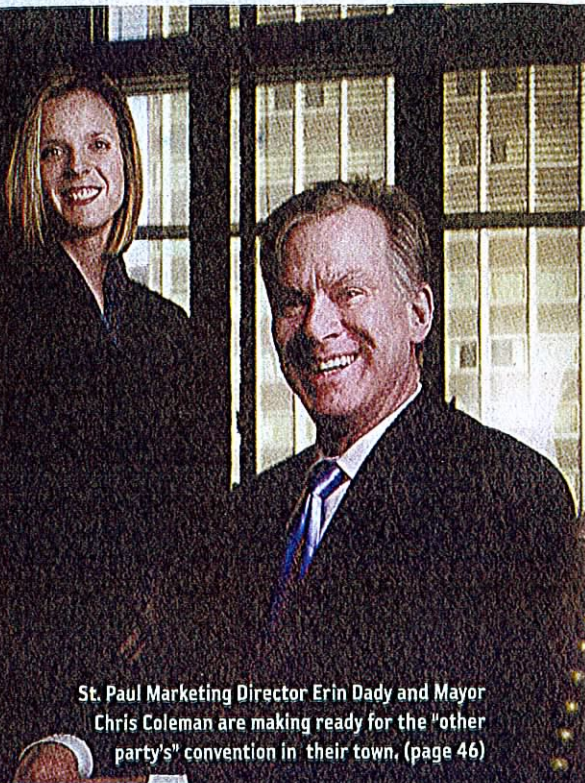
2008

APRIL



"Baseball is more than a game. It's central to the fabric of the quality of life in this region."

Dave St. Peter,
page 40



St. Paul Marketing Director Erin Dady and Mayor Chris Coleman are making ready for the "other party's" convention in their town. (page 46)

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BY JACK GORDON Even if Twins President Dave St. Peter is finessing an answer—and given the team's personnel changes and stadium costs, he has a lot to finesse about—he sounds sincere and straightforward. That's because he *is* sincere and straightforward.

46 Grand Opportunities Pending

BY TOM MASON AND JACK GORDON Yes, the Republican National Convention will bring dollars into the local economy. But a schmooze-fest on this scale brings other economic opportunities, too. Who's polishing images for the big party and to what end?

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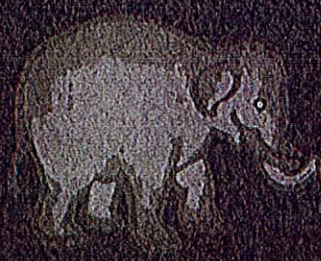
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Grand

Opportunities

Pending



Yes,

the Republican National Convention will bring dollars into the local economy. But a schmooze-fest on this scale brings other economic opportunities, too. Who's polishing images for this big party, and to what end?

Erin Dady, marketing director for the City of St. Paul and a lifelong Democratic activist, admits to a certain "disappointment" last year when she learned that the Republican party had edged out the Democrats in announcing the Twin Cities as the site of its 2008 national convention. But Dady now concedes that hosting the Republicans has become a strategic blessing for St. Paul's Democratic political leadership.

"It gives us focus. We're not concerned with the show that is going on inside the arena," she says. "We can focus on what goes on outside the arena."

What she means is this: For four days, beginning on Labor Day, 45,000 people—30,000 Republican conventioners and 15,000 members of the media—will descend upon the Twin Cities. Inside the Xcel Energy Center, delegates will officially anoint a GOP presidential candidate. Outside the arena, conventioners will be spending money, and media will be blanketing the world with stories from and about Minnesota.

Lobbyists, political operatives, big-name CEOs, executives from virtually every business-related association in America, high-dollar GOP contributors, and, of course, every prominent Republican politician in the country will fan out over the Twin Cities, spending lavishly on the accouterments of a four-day schmooze-fest. Hundreds of contract carriers will transport attendees between 17,000 hotel rooms and the Xcel Energy Center daily, with side trips to innumerable breakfasts, luncheons, formal dinners, dances, and receptions.

Some of those events will offer the standard rubber-chicken fare that people associate with politics. But many, many more will feature an elegance that is unconstrained by budget.

"Money will be no object for many of these events," says Dina Beaumont, a veteran Washington, D.C.-based event planner who has managed projects at the past five GOP national conventions. "There is probably no four-day period in modern America in which a

higher-level cross-section of serious decision makers all gets together in one spot. And their primary purpose of being there is to network and to be seen."

Every convention includes competition to see who will host the "biggest, splashiest party," Beaumont says, or who can boast the most exclusive guest list.

The splashy end of the party spectrum is almost guaranteed to include at least one \$1-million-plus megaparty headlined by an A-list country band and featuring a dozen buffet lines that would be the envy of the folks at Caesars Palace. At the exclusive end will be intimate after-midnight "smokers," where the most sought-after guests fondle expensive cigars and sip 20-year-old Scotch.

Based on spending history at other national political conventions, Bob Isaacson, chief analyst at Minnesota's Department of Employment and Economic Development, says that visitors to the Twin Cities for the convention—attendees, media, event planners—will likely spend \$64.6 million here.

All told, though, Isaacson expects the convention to produce \$148 million in new spending in the region. To arrive at that number, he assumes that about \$30 million (half of the \$60 million) to be raised by the host committee for the convention will come from out of state. In addition, the federal government has committed to grant \$16.3 million as a subsidy to the Republican National Committee for convention operations and approximately \$37.5 (but up to \$50) million to cover heightened post-9/11 security requirements. In addition, Isaacson estimates that the convention will generate work that's the equivalent of 2,300 full-time jobs.

What's harder to tally, but potentially no less valuable, is the exposure Minnesota gains. A national audience will be focused on the main event, but bound to form an impression of the Twin Cities at the same time—our ability to host big conventions, our economy and work force, the livability and amenities of the

BY

Tom Mason

&

Jack Gordon



"What we're doing right now is understanding all the opportunities in front of us and making sure that we leverage them," says Erin Dady (left), marketing director for the City of St. Paul, here with Mayor Chris Coleman.

metro area. The image that's formed will depend greatly on how well the convention itself goes. (Remember 1968? See Jay Novak's "Editor's Note" on page 12 for a reminder of what that meant for Chicago.) But as local organizers are learning, it would be a mistake to limit their preparations to the goings-on at the Xcel Energy Center.

"Cities that host the convention fail to dream big enough," one Republican Party official said to Dady on a site visit here—advice that she and many others are taking to heart.

"For four days, the eyes of

the entire world are going to be focused on the Twin Cities," says Jeff Larson, CEO of the Minneapolis-St. Paul Host Committee for the 2008 Republican National Convention, the organization responsible for raising the convention's \$60 million operating budget and for recruiting the 10,000 local volunteers required to staff it. Larson was a key figure in landing the convention (see page 49), and calls it a "a once-in-a-lifetime opportunity" to showcase the Twin Cities as a great place to live, do business, hold conventions, and spend tourism dollars.

To understand the urgency that local civic marketers feel about seizing this opportunity, you have to go back to a study commissioned by Meet Minneapolis, the city's visitor and convention bureau, in 2003. The large sample of business executives nationwide who were interviewed dismissed the Twin Cities as, essentially, a "cold Omaha."

"It was devastating," says Dave Mona, chairman of the Minneapolis office of PR firm Weber Shandwick and outgoing board chair of Meet Minneapolis.

Minnesota's bad showing was both wide and deep in the results of the study, which was conducted by Future Brand, a brand development firm out of New York. When compared to the attributes of some half dozen

cities including Austin, Denver, Seattle, and Chicago, the Twin Cities ranked dead last in "dining and restaurants," "theater and arts," "vibrant downtown and nightlife," "style and fashion," "diversity and multiculturalism," and "livability." It also ranked last for being "flourishing and vibrant," and "youthful," and brought up the rear in being "sophisticated," "creative and artistic," and "unique." It was a blow to local boosters who like to believe that winters are the Twin Cities' biggest image problem.

It wasn't just a case of wounded pride, though. "When people make a business decision, it isn't just about the money," says Dan McElroy, commissioner of Minnesota's Department of Employment and Economic Development. "They think about, 'Where would it be cool to run a business?' It is important to appeal to the psychic right-brain side of entrepreneurs and business executives.

"The fact that the Twin Cities is the most vibrant area between Denver and Chicago is an important reason that we are found by groups like MarketWatch to be the best metropolitan area in the country in which to run a business," he adds. "It is not just dollars and cents."

At stake is the state's capacity to attract new businesses, and for businesses to attract and retain employees. "Back in the days when I was at Honeywell, the joke was, it is almost impossible to get someone to move here, but when they get here, it is even harder to get them to move away," McElroy says. "That's evolved, too, as the world gets flat. The population coming behind us is a lot more mobile. There is an understanding that they are going to move, so retention is a challenge.

"It is important that people realize that this is a good place to start and run a business. It is also a great place to live," he adds.

And to visit: Tourism accounts for \$9.2 billion in gross sales for Minnesota's econo-



my. That business, and the state's position in the lucrative convention marketplace, could also be hampered by a bad image.

That 2003 Meet Minneapolis

study did contain a silver lining, according to Mona. It turns out the old joke at Honeywell wasn't so far from the truth.

Future Brand found a huge difference in perception of the Twin Cities between people who had actually visited here and those who hadn't. In virtually every category, the metro area was much more highly regarded by people who had visited here. Think of the Republican convention as a chance to take an enormous number of business decision makers through that conversion experience.

U.S. Senator Norm Coleman says he experienced the effectiveness of this first-hand during the Twin Cities site visits of both the Republican and Democratic national committees: "A lot of those folks have never spent much time here—they absolutely fell in love with the beauty of the cities and the can-do spirit of the people who live here."

Minneapolis Mayor R. T. Rybak also sees great potential in the convention. "Big events can change the image of a community," he says. "We learned that with events like the Super Bowl, the Final Four, and the NBA All-Star game. I knew a national political convention was one event we had to get. This is the biggest single opportunity we'll get to tell our story, short of the Olympics."

The Connector

Jeff Larson was little known locally before he chaired the committee that worked to attract the GOP convention to the Twin Cities. But Larson has long held considerable back-office clout in the party as a former regional political director for the Republican National Committee and as a partner in locally based FLS Connect, a firm that manages voter-contact and campaign fundraising programs for Republican candidates. FLS Connect owns three call centers in Minnesota and one in Arizona.

Although he continues to run the company, Larson now spends 80 percent of his day running the Minneapolis-St. Paul Host Committee for the 2008 Republican National Convention. He works in an almost comically empty 50,000-square-foot downtown St. Paul office suite long ago vacated by a division of Burlington Northern. By midsummer, the space will be overflowing with paid staff and hundreds of the 10,000 volunteers that the host committee will recruit for the event.

You've been involved for more than two decades in efforts to attract the national GOP convention to the Twin Cities. What was different this time?

JL There were really four pieces that came together. The first is that we learned what worked and what didn't. Second, we added a lot of new quality hotels in Minneapolis, St. Paul, and Bloomington. Third, we had a good mix of people who knew about typical conventions, and political people who understood what was important to the Republican National Committee [RNC] and the Democratic National Committee. And the fourth thing was our spectacular venue. The selection committee members were very impressed with the combination of the Xcel Center, which will host the convention, and RiverCentre, which would be used for the media.

Does the national GOP confer a certain national geographical importance to this region?

JL Minneapolis-St. Paul gets 80 percent of the entire Minnesota media market; so clearly we're going to dominate Minnesota, but we also go into Western Wisconsin and into Iowa. All three were target states in the last two presidential elections, and my guess is they'll be targets again in 2008. But I really think it was more of a business decision. They looked at: Who can raise the money? What does the venue look like? What are the transportation needs?

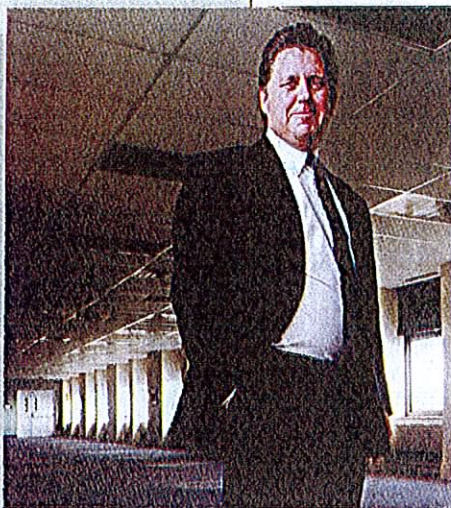
Some people thought fundraising got off to a slow start. Do you agree?

JL I don't think it got off to a slow start. The RNC made the announcement of St. Paul very early. Generally, the RNC doesn't announce the site of the convention until the first of the year. We were selected in September of '06, and didn't really start negotiating the deal until January. We accomplished what we needed to do at that point. And then there is a lot of planning that goes into raising

\$58 million to \$60 million. We were never behind in fundraising. We're absolutely thrilled with the way the business community in Minneapolis-St. Paul and the whole region have come together to support what will be the biggest event that will ever happen in our lifetimes here.

In the post 9/11 world, national political conventions require massive security. In fact, Congress appropriated \$50 million to each convention to cover increased security. Where and how will we see the effects of that?

JL The cities of St. Paul and Minneapolis meet regularly with the Secret Service and are coordinating very well. People are going to be surprised at how little these things will affect their daily lives. The convention takes place in the evenings, so St. Paul and Minneapolis will be open for business. Work won't be that disrupted, especially in Minneapolis. —T. M.



"This is not about partisanship," Rybak adds. "It's about getting exposure to our region. We have to tell our story."

One important audience will be business and association executives at the convention

who have influence over where they send their organizations' convention business. Kevin Lewis, vice president of convention sales at Meet Minneapolis sees in their gathering here the equivalent of years' worth of work already done for him.

Lewis spends much of his time luring convention prospects to visit the Twin Cities for what he calls a "destination education experience." Getting a group of a dozen prospects into town is a process that can take four to six months, he says.

Last fall, he attracted 15 convention planners to Minneapolis for a visit that centered around a Vikings-Bears football game. He estimates that organizing it took four months, from securing a suite from the Vikings to hosting his visitors, who took in *A Christmas Carol* at the Guthrie, toured major Minneapolis hotels, and concluded their stay with a brunch at Macy's. The itinerary went through 10 iterations. Getting commitments from prospects for such an event takes three or four invitations, Lewis estimates.

With the GOP convention, those prospects "will already be here," he says. "We need to identify who they are and reach out." He and his staff will work closely with the convention host committee in St. Paul and with the Republican National Committee's Committee on Arrangements to do that, and will try to engage those key influencers in meetings and facility tours while they're here.



Lewis is even preparing to prime the pump. In May, Meet Minneapolis and its counterpart in Denver—the site of this year's Democratic National Convention—hope to host a reception in Washington, D.C., home to the country's largest concentration of association executives.

But the most persuasive event, Lewis says, will be the GOP convention itself: "People are going to say, 'If they can do this, they can certainly handle our event.'"

Like Lewis, Dady understands

that positive PR for the Twin Cities will derive largely from how well local convention planners handle the blocking and tackling of putting on a seamless event. On any given day in recent months, she could be found relaying communications between the taciturn Secret Service and the local contacts they'll be dealing with, debunking rumors about convention arrangements that circulate among St. Paul businesses, or conducting interviews with protester groups—"stakeholders," she calls them—that need city permits.

But Dady is also mindful of advice she heard from leaders in past convention cities, to look beyond the details of the event and focus on the longer-range marketing opportunities—that idea of "dreaming big enough."

To that end, she helped persuade the City of St. Paul to underwrite a \$40,000 strategic marketing plan in conjunction with the convention, but designed to promote the city and the metro region. Goff and Howard, a St. Paul public relations firm, was hired to develop it.

Paying for the Party

Hosting a national political convention isn't cheap. The price: Raising \$60 million (on top of up to \$63 million from the federal government) to help underwrite the affair. That task is charged to the Minneapolis-St. Paul Host Committee for the 2008 Republican Convention, a nonpartisan group of more than 100 Minnesota political and business leaders.

Host Committee President Cynthia Leshner, serving full time on paid leave from her job as CEO of Xcel Energy's Northern States Power subsidiary, explains that convention expenses fall into five major categories: liability insurance; the build-out at St. Paul's Xcel Energy Center (constructing the main stage, plus meeting spaces and

other facilities); transportation (mainly buses) to get 45,000 attendees and media representatives from downtown St. Paul to hotels throughout the metro area; and telecommunications services for both delegates and media.

The final major category is administrative expenses—the host committee's own staffing, accounting and other services, hospitality events, and office space rental.

With Douglas Leatherdale, former CEO of the St. Paul Companies, heading up fundraising efforts, Leshner says the host committee expects to raise half of its money in Minnesota and half elsewhere. Governor Tim Pawlenty, a host committee member, reportedly asked each of Minnesota's 20 Fortune 500

companies to pony up at least \$1 million apiece. A Washington, D.C. fundraising firm, 3 Dog Consulting Limited, has been hired to work on the national scene.

The Associated Press obtained documents last June showing that four early contributors had pledged roughly \$9 million combined: Xcel Energy, Supervalu, Wells Fargo, and Qwest Communications. Part of Xcel's contribution is Leshner's salary. Much of Qwest's is in the form of services.

The host committee won't say what's been pledged or by whom, though that information becomes public by law after the convention. For now, Leshner says only that the effort is on pace.

Jack Gordon is a senior writer for TCB.

A full look at the plan wasn't available yet in mid-February, and a key figure in rolling it out was just hired. Teresa McFarland of McFarland Cahill Communications in Prior Lake was named director of communications and marketing for the convention host committee. Her professional experience combines politics and retail marketing. McFarland worked in the communications shops of governors Rudy Perpich and Jesse Ventura, and in the Washington, D.C., office of Congressman Tim Penny. She also spent five years as head of public relations at the Mall of America.

McFarland came on board just in time to launch the first piece of the marketing plan to be made public: The Minnesota GOParty Card. Cards will be distributed to convention attendees and will be good for discounts at participating restaurants, entertainment venues, and stores from August 23 to September 7, with the goal of getting convention attendees to show up in the Twin Cities early, stay late, and spend time and dollars outside of convention itself. The host committee says it's working closely with metro area chambers of commerce, visitor and convention associations, the Mall of America, and Explore Minnesota, the state's tourist bureau, to enroll businesses. At the card's launch on Feb-

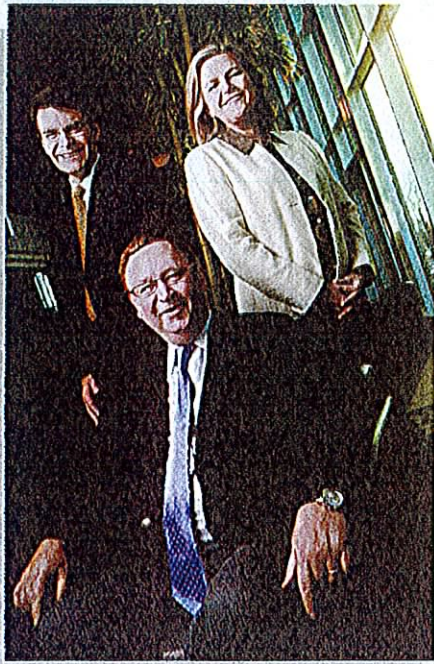
ruary 21, more than 100 businesses were already signed up. Applications to be included in the program were being accepted from businesses until March 14.

That's none too early. As Maria Cino, president and CEO of the Republican National Committee's Committee on Arrangements said in a prepared statement for the GOParty card launch, "Our guests are already touring, dining, and staying in Minneapolis-St. Paul, and we expect that activity to increase in weeks to come." By early summer, an official convention guide—including a list of GOParty businesses—goes out to convention attendees.

Whatever else the marketing

plan includes, McFarland can count on its messages being amplified not just by the host committee but by the local creative community. A month before the announcement of GOParty, a group of Twin Cities marketing and PR professionals, led by Meet Minneapolis Vice President of Marketing Karyn Gruenberg, launched a new branding campaign for the Twin Cities: "Minneapolis St. Paul: More to Life" (mspmoretolife.com).

It's a direct response to the results of that 2003 study done by Future Brand. "Inasmuch as Minnesotans are capable of brag-



"Once people have touched down here, even for a weekend, their perception of this area as a place to live, work, or vacation goes up exponentially," says Kathy Tunheim, who with Dave Mona (front) and Tom Jollie has spearheaded a new branding campaign for the metro area.



Corporate Events: Mostly No Hard Sells

Political conventions are rarely the place to do much effective public-policy lobbying," says Paula Prah, vice president of public affairs for Richfield-based Best Buy. "They're great places to connect with people you might lobby with in the future, but not to push an immediate agenda."

Instead, Prah sees the convention mainly as an opportunity to "showcase the Twin Cities." And in that, she's not alone.

"Even local companies that don't see the convention as a way to promote their brand do care about things like whether the national realtors convention comes here in two years," says Charlie Weaver, executive director of the Minnesota Business Council, whose members include CEOs of the state's largest companies. "And they care about attracting executive talent from New York and elsewhere."

Some businesses are finding ways to highlight their brands and products at the convention. Qwest Communications has a major presence both in the Twin Cities and in Denver, site of this year's Democratic National Convention, and has pledged \$6 million to each convention, mostly in services, to be the official communications sponsor.

"We see it especially as a way to showcase our high-speed broadband service, which is a strategic growth area for us," says John Stanoch, president of Qwest operations in Minnesota.

The Minnesota Agri-Growth Council—a lobbying group for about 200 farms, co-ops, and corporations, including Minnesota-based General Mills, Land O'Lakes, Cargill, and Hormel, as well as out-of-state members such as Monsanto and Pfizer—will sponsor an evening gala for approximately 2,500 invited guests on September 2, the second day of the convention. The venue was not yet nailed down earlier this winter, but Executive Director Daryn McBeth promises a "dazzling build-out and multimedia display" that will contain exhibits highlighting "the cutting-edge importance of the food and agricultural industry." The following day, the venue will open to the public for the remainder of the convention's run. McBeth says the budget for the event exceeds \$1 million.

Joe Weber is a partner in Twin Cities Strategies of St. Paul, one of several consulting firms that have sprung up to help organizations outside of Minnesota plan events and make connections at the convention. He says one out-of-state client is a major financial services company that is "very active in climate change" and generous in its donations to environmental causes. The company has no specific lobbying agenda for the convention, but "they do want legislators and the media to know that they're active in this unexpected area." —J. G.

ging about where they live, this campaign will do just that, and it will be everywhere," Mona says. "More to Life" ad placements—visible in Twin Cities newspapers and on television since the launch earlier this winter—will ramp up, with the help of corporate sponsors including Target, Best Buy, and General Mills, into a full-fledged \$2.5 million multimedia barrage as the convention nears.

The value of the campaign could far exceed that amount. Following the 2000 Republican convention in his city, Philadelphia Mayor John Street told the *Philadelphia Inquirer* that 19,000 print articles had mentioned his city in coverage about the convention. He said that multiplying that number by the circulation figures associated with the publications yielded 128 billion "impressions."

"It was estimated that it would have cost \$75 [million] to \$100 million to buy that publicity," Street said at the time.

While those kinds of computations tend to be based more in art than in science, Kathy Tunheim, CEO of Tunheim Partners in Bloomington, agrees with the sentiment. (Tunheim, Mona, and Tom Jollie of Minneapolis-based Padilla Speer Beardsley were key figures in launching "More to Life.") "I personally could not come up with a calcula-

tion" of what the exposure is worth, she says. "It is almost immeasurable. However anyone might want to value it, I can tell you this: It will be higher than that. We will accrue the benefit of [this convention] for years."

Mona says, "The lesson we learned from the Super Bowl and the Final Four and other big events is what happens when you get a large, large number of media. While their primary job is to cover the attraction, they will

also have significant downtime to write background stories and explore the community.

"An old rule in this business is that intercepting a crowd is much easier than building one," he adds. "And this intercepts one of the largest crowds of qualified people you could ever hope to find." **TCB**

Tom Mason is editor emeritus of Twin Cities Business and now heads Mason Public Affairs.